

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



The Hong Kong Building and Loan Agency Limited

香港建屋貸款有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 145)

FURTHER ADJUSTMENT TO CONVERSION PRICE OF CONVERTIBLE BONDS DUE 2015

References are made to (i) the announcements of the Company dated 28 February 2013, 15 March 2013, 22 August 2013, 16 October 2013 and 11 February 2014 in relation to, among other things, the Placing; (ii) the announcements of the Company in relation to (a) the placing of options to subscribe for the Possible Convertible Bonds dated 24 July 2012 and (b) the completion of (a) abovementioned dated 8 October 2012; (iii) the circular of the Company dated 21 October 2013 in relation to, among other things, the Placing (the “**Circular**”); (iv) the announcements of the Company dated 19 December 2013 and 31 December 2013 in relation to, among other things, the completion of the issue of the first Tranche of the Convertible Bonds in the aggregate principal amount of HK\$17,550,000 which took place on 19 December 2013 and the adjustment (the “**First Adjustment**”) made to the conversion price of convertible bonds due 2015 accordingly; and (v) the announcement of the Company dated 18 February 2014 in relation to, among other things, the completion of the issue of the remaining four Tranches of the Convertible Bonds in the aggregate principal amount of HK\$43,200,000 which took place on 17 February 2014. Unless the context otherwise requires, capitalized terms and expressions used herein shall have the same meanings as those used in the Circular.

As mentioned in the Circular, as a result of the completion of the Placing, the conversion price of the Possible Convertible Bonds may be subject to relevant adjustments under the terms of the Possible Convertible Bonds.

Further to the First Adjustment and according to the findings of the independent accountant engaged by the Company regarding the relevant adjustments, the conversion price of the Possible Convertible Bonds has been further adjusted from HK\$0.14 to HK\$0.10 (the “**Adjusted Conversion Price**”) per Conversion Share with effect from 17 February 2014.

As at the date of this announcement, there are (i) outstanding convertible bonds in the principal amount of HK\$1,566,000 subscribed by the holders of the Options (the “**Outstanding Option Convertible Bonds**”) and (ii) Possible Convertible Bonds in the principal amount of HK\$13,467,600 to be subscribed by the holders of the Options. Based on the Adjusted Conversion Price, the aggregate of (i) and (ii) of the aforesaid is convertible into up to 150,336,000 new Shares upon full exercise of the conversion rights attached thereto.

The Company will only issue up to 87,000,000 conversion shares to the holders of the Outstanding Option Convertible Bonds and the Possible Convertible Bonds under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 28 June 2012. The Company will therefore seek approval for a separate specific mandate from the Shareholders at an extraordinary general meeting in the future regarding the issue of the excess conversion Shares due to possible exercise of the Outstanding Option Convertible Bonds and the Possible Convertible Bonds. A circular containing the details of the abovementioned will be despatched to the Shareholders as soon as possible.

By Order of the Board
The Hong Kong Building and Loan Agency Limited
So Yuen Chun
Executive Director

Hong Kong, 25 February 2014

As at the date of this announcement, the Board comprises Mr. So Yuen Chun and Mr. Yeung Kwok Leung being executive Directors; Mr. Lam Kwok Hing, Wilfredd, J.P. being non-executive Director; and Mr. Yeung Wai Hung, Peter, Mr. Lam Raymond Shiu Cheung and Ms. Yuen Wai Man being independent non-executive Directors.